

December 16, 2002

The Honorable Mark R. Warner
Governor, Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Warner:

As Chairman of your Advisory Commission for Veterans' Affairs (Commission), it is my pleasure to present to you the Commission's final report. As established by Executive Order 15 in June 2002, the Commission was charged with:

- Reviewing the agencies, programs, and boards currently serving the veteran community in the Commonwealth, including various fundraising activities;
- Assessing the current and future projected needs of Virginia's veteran community;
- Identifying current and potential future funding sources for veteran services; and
- Recommending the structure, strategies, and systems for the most effective delivery of services to Virginia's veteran community.

A Leadership Advisory Committee (LAC), comprised of state commanders of key veteran service organizations, was an integral part of the Commission's efforts. Participating organizations included: American Ex-POWs, American Legion, AMVETS, Disabled American Veterans, Military Order of the Purple Heart, Non Commissioned Officers Association, The Retired Officers Association and the Veterans of Foreign Wars.

Commission meetings (including LAC members) and public hearings were held on July 31st in Richmond, September 12th in Annandale, October 15th in Hampton Roads and October 30th in Roanoke. The Commission adopted the framework for its final report on November 19th. The findings and recommendations of this report are based on those public hearings, data requested by the Commission and the Commission's review of the "best business practices" of other states and national veterans affairs organizations.

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The Commission recommendations also are framed by the migration of federal responsibilities to the states and by the limited amount of money and other resources available nationwide. The key recommendations detailed in this report are:

- Restructure the agencies, programs, and boards currently serving the veteran community into a single agency with a single policy board to establish unity of command and mission within the Administration Secretariat;
- Require the new unified organization to function with a business-like, entrepreneurial spirit that nurtures efficient decision-making and accountability and focuses on the efficient and effective delivery of veteran services to citizens;
- Establish a Joint Leadership Council of Veteran Service Organizations to provide a vehicle for veteran service organizations (i) to collaborate on ways to provide both direct and indirect support of ongoing veteran programs, and (ii) to address concerns for the future. Also assign a staff position to support this council; and
- Take significant programmatic steps to improve current and future benefit services in the Commonwealth.

Besides public safety and education, the Commission views support of our veterans as the highest priority for the Commonwealth. The work of the Commission is intended to serve and support this priority.

On behalf of the other members of the Commission, we thank you for providing us the opportunity and privilege of serving you, the Commonwealth, our citizens and, most important, our veterans and their families. We sincerely believe our recommendations will allow the Commonwealth to better serve its veterans.

Respectfully yours,

Harold W. Gehman
Admiral, United States Navy (Ret.)

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Section 1: Executive Summary

The Governor's Advisory Commission for Veterans' Affairs (Commission) was established by Executive Order 15 on June 24, 2002, and was charged with:

- Reviewing the agencies, programs, and boards currently serving the veteran community in the Commonwealth, including various fundraising activities;
- Assessing the current and future projected needs of Virginia's veteran community;
- Identifying current and potential future funding sources for veteran services; and
- Recommending the structure, strategies, and systems for the most effective delivery of services to Virginia's veteran community.

A Leadership Advisory Committee (LAC), comprised of state commanders of key veteran service organizations, was an integral part of the Commission's efforts.

Besides public safety and education, the Commission views support of our veterans as the highest priority for the Commonwealth of Virginia. The work of the Commission is intended to serve and support this priority, and it believes the recommendations being made will allow the Commonwealth to take even better care of its veterans.

Commission meetings (including LAC members) and public hearings were held on July 31st in Richmond, September 12th in Annandale, October 15th in Hampton Roads and October 30th in Roanoke. The Commission adopted the framework for its final report on November 19th.*

The following recommendations are based on those public hearings, data requested by the Commission and the Commission's review of the "best business practices" of other states and national veterans affairs organizations. The Commission recommendations are also framed by the migration of federal responsibilities to the states and by the limited amount of money and other resources available nationwide.

Organizations & Structures

- Restructure the agencies, programs, and boards currently serving the veteran community into a single agency with a single policy board to establish unity of command and mission within the Administration Secretariat.

* Minutes of the Commission meetings can be found at www.administration.state.va.us/Services/Veterans/veterans.cfm or by contacting the Office of the Secretary of Administration.

- Appoint a Commissioner of Veterans Services at the sub-cabinet level with direct access to the Governor on veteran matters and:
 - Set the Commissioner's term of office at more than four years to stagger with the terms of the Governor and ensure continuity between governorships;
 - Headquarter the Commissioner's office in Richmond with a small staff of up to four people that will support efficient and effective decision-making and assist in diversifying and expanding resources (staff duties and responsibilities are listed in the report); and
 - Provide the Commissioner with direct line authority over all veteran support systems and require him/her to submit an annual report to the Governor and the General Assembly.

- Revamp the current boards associated with benefits services, the care center and cemeteries to mirror and support the reorganization of veterans services.
 - Establish one overarching Veterans Services policy board to address benefits, care centers and cemeteries with very specific responsibilities, including strategic planning.
 - The Commissioner of Veterans Services should be a member of this board, but not the chairman.
 - Members should be appointed based on their skills and knowledge related to board activities.

- Preserve the Virginia War Memorial Foundation and associated organizations as they are currently.

- Establish a Joint Leadership Council of Veteran Service Organizations to provide a vehicle for veteran service organizations to meet, discuss and collaborate on ways to provide both direct and indirect support of ongoing veteran programs and to address concerns for the future, and:
 - Develop its own charter and priorities;
 - Develop a shared mission and vision statement with this council and the new Department; and
 - Establish a full-time coordinator position to support the council.

Culture Change

- Require the new, unified organization to function with a business-like, entrepreneurial spirit that nurtures effective decision-making and accountability and focuses on the efficient and effective delivery of veteran services to citizens. Included in this recommendation:
 - Perform rigorous cost/benefit/value analysis of projects and service proposals before proceeding. The Commission could not find rigorous due diligence studies associated with past investments in the veterans care center and the Amelia Cemetery. The Commission recognizes that the benefit and value of a given project or service proposal must be weighed against its cost. However, benefit and value can include factors other than monetary measures;
 - Aggressively seek alternative funding sources;
 - Garner existing resources and support for veterans in other federal and state agencies;
 - Develop and maintain new resources to augment the basic annual funding dedicated to veteran services, such as special license plates for veterans, lottery games, revolving loan funds and income tax form check offs;
 - Link veteran services to efforts to retain and attract military retirees as a key asset to Virginia; and
 - Liaison with various stakeholders to foster collaboration, build consensus and augment veteran resources.

Improve Present & Future Veterans Services

Benefits Services

- Take the following steps to improve benefit services:
 - Keep the current veterans service functions in Roanoke.
 - Fill authorized caseworker vacancies;
 - Review geographic distributions of regional offices, keeping in mind population numbers alone do not accurately determine needs;
 - Invest in basic IT upgrades to current computer systems to support expanding access to veterans and increasing the claims processing capacity;

- Establish a full-time position of Veteran Service Organization (VSO) coordinator;
 - Partner with VSOs for education, outreach, support and sponsorship; and
 - Work with the Joint Leadership Council of Veteran Service Organizations to collaborate on ways to provide both direct and indirect support of ongoing veteran programs and to address concerns for the future.
- Partner with local government to find ways to engage them in providing benefits to veterans.
 - It is the sense of the Commission that additional care centers and cemeteries will be needed in the future subject to the cost/benefit/value analysis referenced in the previous section.

Care Centers

- It is the sense of the Commission that care centers are needed, attractive and satisfying to patients.
- The care center in Roanoke needs much more rigorous financial oversight and management, based on recent audits and investigations.
- Convert the Roanoke care center into a state-run operation based on a comprehensive operational audit. This conversion will enhance the quality of care, clarify lines of authority and accountability, and allow for affordable malpractice insurance.
- Address and resolve any outstanding issues with the Roanoke care center as soon as possible.
- Develop concrete business plans for current and future operations at the Roanoke care center and the proposed Richmond care center.
- Adopt best practices found in other states that resulted in financially viable centers.

Cemeteries

- It is the sense of the Commission that there is a need for cemeteries that will likely grow.
- Cemetery operations cannot be made self-sufficient on a meager \$300 federal burial allowance alone. Actual costs at Amelia were approximately \$1,275 per burial in FY 2002, requiring substantial annual taxpayer subsidy from the Department of Veterans' Affairs budget.
- In conjunction with other states and the National Governors Association, advocate and support an increase in the federal VA burial allowance to cover the significant ongoing operation and maintenance costs of veteran cemeteries.
- Consider closing a portion of Amelia Cemetery and only maintain the acreage necessary to satisfy projected needs, opening new areas as necessary. Also investigate phased development for the proposed Suffolk Cemetery.
- Develop concrete business plans for current and future operations at Amelia and Suffolk.
- Leverage VSOs, create foundations and get corporate support for cemetery operations.
- Rename cemeteries from a marketability standpoint based, in part, on input from veterans (e.g., the Virginia National Cemetery at Amelia and the Virginia National Cemetery at Suffolk).

Other Recommendations

- Support the national WWII Memorial by paying Virginia's financial contribution to its development (\$334,000).
- Support the existing Virginia War Memorial Foundation.
- Continue the veterans preference hiring system. Consider expanding preference for veterans to include contracted services.
- Since virtually all veterans services are federally mandated and controlled, develop a coordinated national legislative program for veterans.

Section 2: Introduction

The Governor's Advisory Commission for Veterans' Affairs (the Commission) was established by Executive Order Number 15 on June 24, 2002 (see Appendix A). It was charged with:

- Reviewing the agencies, programs, and boards currently serving the veteran community in the Commonwealth, including various fundraising activities;
- Assessing the current and future projected needs of Virginia's veteran community;
- Identifying current and potential future funding sources for veteran services; and
- Recommending the structure, strategies, and systems for the most effective delivery of services to Virginia's veteran community.

A Leadership Advisory Committee (LAC), comprised of state commanders of key veteran service organizations, was an integral part of the Commission's efforts.

Participating organizations included: American Ex-POWs, American Legion, AMVETS, Disabled American Veterans, Military Order of the Purple Heart, Non Commissioned Officers Association, The Retired Officers Association and the Veterans of Foreign Wars.

Commission meetings (including LAC members) and public hearings were held on July 31st in Richmond, September 12th in Annandale, October 15th in Hampton Roads and October 30th in Roanoke. The Commission adopted the framework for its final report on November 19th. *

The findings and recommendations of this report are based on those public hearings, data requested by the Commission and the Commission's review of the "best business practices" of other states and national veterans affairs organizations (see Appendix B for Commission questions and responses). The Commission recommendations are also framed by the migration of federal responsibilities to the states and by the limited amount of money and other resources available nationwide.

* Minutes of the Commission meetings can be found at www.administration.state.va.us/Services/Veterans/veterans.cfm or by contacting the Office of the Secretary of Administration.

Significance of Veterans to the Commonwealth of Virginia

Besides public safety and education, the Commission views support of our veterans as the highest priority in the Commonwealth. We are keenly aware that veterans' dedicated and courageous service supports and defends the many personal freedoms, opportunities and promise we enjoy in America.

Virginia particularly has a strong relationship with the military. Every military branch has a significant presence in the Commonwealth, along with the worldwide headquarters at the Pentagon. Thus, as a community, we witness the worldwide deployments and missions undertaken by our active duty personnel, and we understand the depths of their strength and commitment. The military is also a major contributor to Virginia's economy, directly employing nearly 200,000 personnel and spending over \$25 billion in Virginia in 2000.

Many of the active duty personnel who come to Virginia decide to call it home. As a result, the Commonwealth has a substantial veteran population that richly contributes to our quality of life, comprising over 10% of Virginia's population in 2001 (excluding spouses and family members).

The work of the Commission is intended to serve and honor this cherished resource. The Commission sincerely believes the recommendations being made will allow the Commonwealth to better serve its veterans.

Existing Veteran Programs in the Commonwealth of Virginia

The Commonwealth has many agencies and programs currently serving the veteran community, including:

- Benefit services and veteran cemeteries at the Virginia Department of Veterans' Affairs;
- Job opportunity programs at the Virginia Employment Commission and veteran outreach at the Department of Human Resource Management;
- Nursing home and assisted living services at the Virginia Veterans Care Center in Roanoke; and
- The Virginia War Memorial in Richmond.

Figure 1 depicts the current organizational chart of veterans programs assigned to the Secretary of Administration (except the VEC).

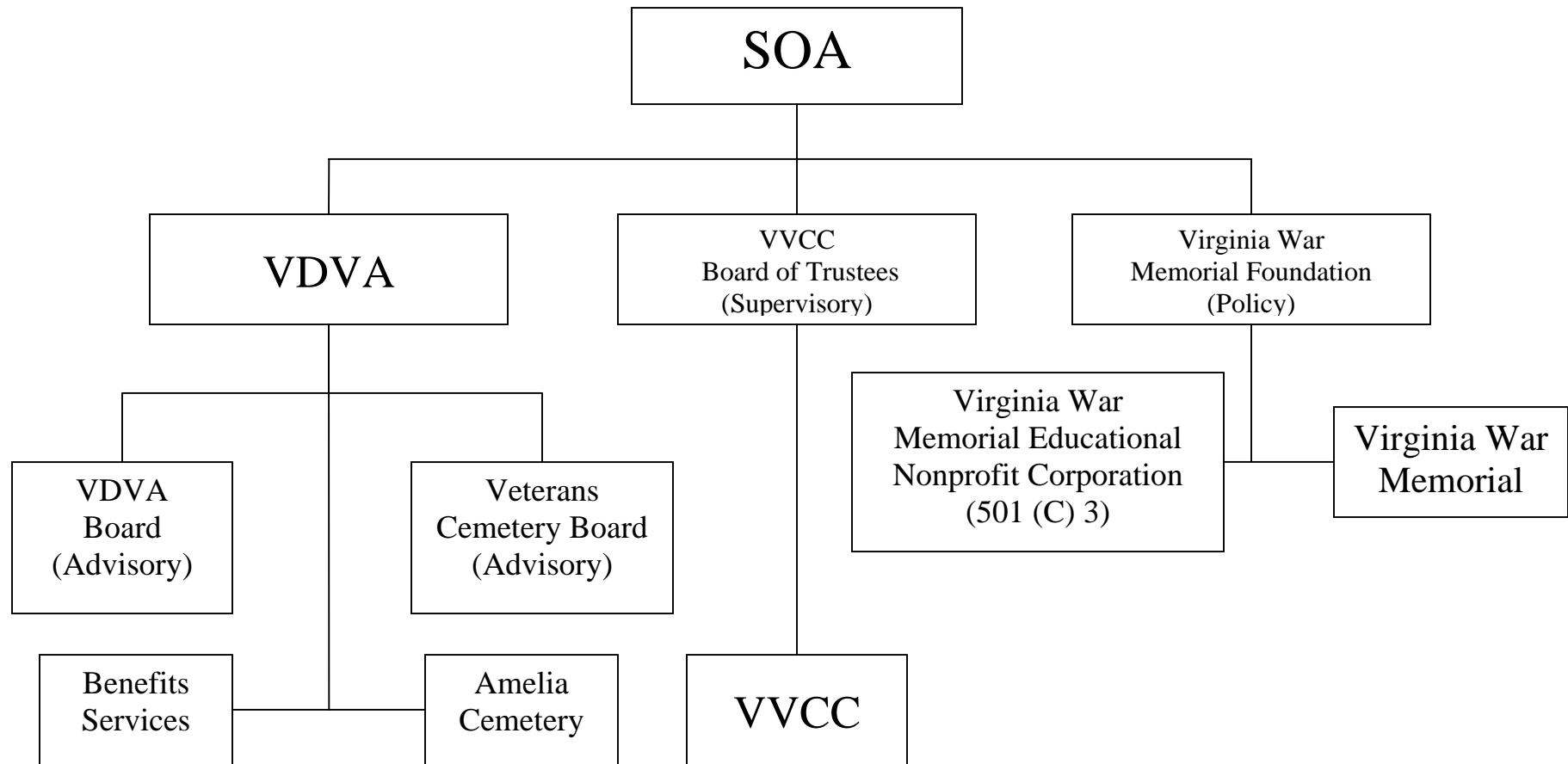


Figure 1. Current Virginia Veterans Affairs Organizational Chart

Legend: SOA - Secretary of Administration; VDVA - Virginia Department of Veterans Affairs; VVCC - Virginia Veterans Care Center

Future Veteran Projects Currently Planned

This year, Virginia committed to build a second veterans care center next to the McGuire VA Hospital in Richmond, in conjunction with the United States Department of Veterans Affairs (USDVA). Governor Warner signed legislation into law in Spring 2002 to provide funding for the state's share of construction, and all of the certifications have been properly submitted to Washington. The state is awaiting final approval of the federal matching funds for the second center.

A second veteran cemetery is also scheduled for construction next year in Suffolk based on a federal USDVA construction grant. The state is actively managing the federal grant process to secure that award.

Section 3: Findings

3.1. Review of Agencies, Programs & Boards Serving The Veteran Community

3.1.A. Organizational Structure

- The responsibility, authority and accountability for providing veteran services are scattered across multiple agencies, programs and boards in the Administration Secretariat. All of these organizations operate with separate and different organizational structures and different management systems, with roles and responsibilities not clearly defined. These multiple structures are not coordinated and lack consistency in strong management and accountability.
- A clear and comprehensive mission for veteran services in the Commonwealth is therefore lacking. The systematic and coordinated delivery of services to the veteran community is hindered by the widely dispersed and inconsistent management and administrative systems.
- This inefficient structure misdirects the state's total investment in veteran services into multiple organizational systems with administrative overlaps. An inordinate amount of resources are therefore consumed maintaining and administering the complicated organizational structures, leaving fewer resources available for seeking new opportunities to improve services. It appears the process can take precedence over the service being delivered.
- The Commission pursued detailed historical information to provide background on the rationale for the existing arrangement of structures, programs, and services. A number of the veteran services currently provided were apparently developed due to decisions made without the complete analysis of concrete data and demonstrated needs. This situation has resulted in diminished overall resources for actual veteran services. Therefore, veteran needs are not being met as efficiently and effectively as possible.
- Appropriate analytical staff to support efficient and effective decision making processes is lacking. Sufficient staff are not currently available to executive management to: (i) seek and obtain new funding and resources at federal, state and local levels, (ii) help develop and track veteran legislative initiatives at federal and state levels, (iii) promote both current and future veteran services, and (iv) collect and analyze data and other information critical to effective decision-making.

- Other states, such as Kentucky and North Carolina, organize the agencies, programs, and boards currently serving their veteran communities in a more effective structure. The primary difference is that, unlike Virginia, all veteran services in these states are organized under one agency with a single, high management-level director (see Appendix C for information on veterans services in Kentucky).
- Veteran service organizations are diverse in their focus on veteran needs, and thereby are collectively underutilized. This diverse focus prevents these valuable resources from most effectively serving the overall veteran community as service providers and veteran advocates. Other states, in particular Kentucky, better utilize these organizations as service providers and veteran advocates.

3.1.B. Benefit Services

- The benefit services provided by the Virginia Department of Veterans' Affairs (VDVA) mainly help individual veterans obtain their federal compensation, pension and health benefits which is a top priority service. As a result of the regulations and procedures of the United States Department of Veterans' Affairs (USDVA) system, the individual veteran requires organized and systematic assistance with claims processing in order to receive federal benefits. The federal benefits result in financial compensation to the veteran and his/her family and direct access to services.
- Much time and effort are required for both the federal claims application and appeals processes. An initial decision from the USDVA normally requires six to twelve months and sometimes longer. It can take up to four years or more to obtain a final decision through the appeal process. Cumbersome procedures and delays in the administration of federal VA benefits often place significant hardship on veterans and their families.
- VDVA plays a very significant role in assisting veterans receive their federal benefits, serving as agent-advocate for 70% of all claims submitted by Virginia's veterans to the federal VA. VDVA holds limited powers of attorney to represent Virginia veterans from the initial VA application, through any appeals, to final award.
- VDVA efforts ensured that Virginia veterans received over \$1.3 billion in total federal benefits from the USDVA in 2001. VDVA's benefit services brought in over \$530 in federal benefits for every \$1 spent by the state in 2001.

- In FY 2002, VDVA handled a total of 20,721 claims and 121,395 contacts (walk-ins and phone). Full-time VDVA offices each handled an average of 1,340 claims per year, with part-time offices averaging 588 claims annually and itinerant services averaging 283 claims annually. The average Virginia claimant received \$11,800 annually in federal VA compensation and pension benefits in FY 2001 (comprising approximately 50% of total VA benefits received, excluding educational, vocational rehabilitation, insurance and medical benefits). Actual combined compensation and pension awards ranged from \$225 to \$26,000 in Virginia during that period.
- Virginia's federal VA compensation and pension award rate averages 12% of the veteran population statewide, which exceeds the national average. However, there is wide variation in the federal VA compensation and pension award rate across individual localities in the state, ranging from less than 1% of veterans receiving these VA benefits in some localities to over 41% receiving benefits in others.
- Current VDVA office locations do not completely match the geographic distribution of Virginia's current veteran population, nor future population trends. Many areas of the state receive inadequate coverage. As a result of these disparities, many veterans in the Commonwealth are not served or underserved by VDVA.
- While VDVA benefit services effectively bring significant benefit dollars to the Commonwealth, more access is needed to initiate more claims for veterans and their families. Additional field service officers (either hired or voluntary) are needed to expand access to Virginia's veterans. Increasing access by 10% can generate up to approximately \$130 million in additional federal VA benefits to veterans in the Commonwealth.
- There is limited partnering between VDVA and the veteran service organizations (VSOs) to assist veterans with submitting benefit claims to the federal VA. Other states, such as Kentucky and Wisconsin, have expanded access and the volume of veteran benefits received by coordinating VSO volunteers and organizing professional training in federal claims processing and procedures.
- Additional automation is needed to support expanding access to veterans and increasing the claims processing capacity. VDVA is operating primarily with Windows 95-era hardware and software that does not support current USDVA software and computer links for claims processing. In fact, vendors no longer support VDVA's existing operational software, resulting in little to no technical

support. Moreover, VDVA's existing computer system makes it difficult to update information on veteran claims and to determine the status of any pending claims on behalf of the veteran.

- There is little local involvement in providing veteran services, unlike North Carolina for example, where almost every county directly provides veterans assistance. Some Virginia localities assist VDVA with space for state claims representatives, but few other partnering activities are taking place.
- VDVA's current level of staffing and automation necessitates that almost all of its resources be wholly allocated to processing veteran claims with the federal VA, leaving few to any resources to pursue additional funding sources or to forge productive partnerships with other state agencies providing veteran services (VEC, DHRM and War Memorial) and outside organizations.

3.1.c. Veterans Care Centers

- The Commission again found that the state plays a prominent role in assisting veterans to receive federal nursing care and assisted living benefits. The federal VA is not directly investing in nursing home and assisted living facilities for the aging veteran population, but rather is partnering with states to fund the construction and operation of state veteran homes.
- Commission members observed during a visit that the Virginia Veterans Care Center (VVCC) appeared pleasant and the residents appeared comfortable. The facility appeared to be a nice setting and adequately maintained.
- Several audits and investigations have indicated serious problems in the past management of VVCC.
- VVCC's current operating structure causes challenges to obtaining affordable liability insurance coverage.
- In reviewing best practices among other states, the Commission found that most states directly manage their veteran care centers with state employees versus contracting with private companies for management services.
- The Commission received briefings on other states that effectively operate and maintain veteran care centers with affordable insurance coverage and within allocated fiscal resources.

- The Commission also received briefings on states that delivered high quality service at their veteran care centers and, if operated efficiently, saved money overall considering all state programs impacted.
- It is the sense of the Commission that additional care centers are needed in the future, subject to thorough cost/benefit/value analysis. The methodology used to determine the occupancy requirements of another facility should not be based on basic percentage calculations. The decision-making process must identify specific needs-based data and analysis.
- Other states have found that determining occupancy and location by only using basic, national formulas does not necessarily lend itself to effective management and operation of these care centers. More careful analysis and refinement of the business plan leads to more successful services and results.

3.1.D. Cemeteries

- The federal government ultimately has the obligation and responsibility for providing veteran cemeteries as related to national military service. The Commission again found the federal VA shifting its focus to sharing with the states the costs of constructing and perpetually caring for veteran cemeteries.
- Although the federal government funds the construction of state veteran cemeteries, the federal burial allowance for veterans is severely inadequate to meet ongoing annual operating and maintenance costs. Thus, the states are essentially funding the ongoing costs of providing a federal obligation of perpetual care at these cemeteries
- The federal veteran burial allowance is currently a one-time payment of \$300, having been raised in December 2001 from the former \$150 level (same \$150/\$300 burial fee rate for eligible family members). However, actual costs at the Amelia veteran cemetery were approximately \$1,275 per burial in FY 2002.
- This federal funding inadequacy is a nationwide concern. Other states and the National Governors Association are strongly pressing for an increase in the federal veteran burial allowance to meet the ongoing operating and maintenance costs at state veteran cemeteries.
- Expenditures for the Amelia cemetery for the last two years have exceeded \$210,000 per year, funded mostly by state General Funds (taxpayers) from the VDVA departmental budget (supplemented by inmate labor for grounds work

at no cost). Amelia's annual burial fee revenues amount to only about 10% of total annual costs.

- Since opening in 1997, Amelia Cemetery's total utilization has been only 12% of the original projections. From 1997 to June 2002, Amelia had 611 total burials as compared to original projections of 5,016 for that period. Utilization in 2001 totaled 160 burials as compared to the original projection of 1,063 for that year.
- At current burial rates, it could take hundreds of years to fill the Amelia cemetery to its 54,700-interment capacity. Even at burial rates averaging over 1,000 a year (almost 10 times the current average), it would take over 50 years to reach interment capacity. USDVA projects veteran death rates to peak in 2008 and decline thereafter. By any measure, the state's investment in the Amelia Cemetery would have to be considered questionable.
- The cemetery utilization projections made by the Amelia cemetery planning study severely over-projected the percentage of veterans and families that would actually choose burial in that state veteran cemetery (88% over-stated). There is no evidence that a wide variety of factors beyond basic percentage calculations were considered. The Suffolk cemetery projections appear to be similarly calculated. However, until all appropriate factors are considered, it is unknown if the projections are too low, too high or about right. Some of these additional factors include the personal preferences of veterans and their families, the perceived prestige of state versus national facilities, the number of pre-applications to the facility, the marketing of the facilities and accessibility by surviving family members to the facilities.
- The total veteran population projected to be served by the proposed Suffolk cemetery is 173,700. This estimate is based on the number of veterans residing in the Hampton Roads area within a 75- mile radius centered in Suffolk. The Hampton Roads veteran population was also included in the design plans for the Amelia Cemetery.
- The Suffolk Cemetery project received the federal go-ahead to proceed with design based on its pre-application. Approval of a federal construction grant requires detailed construction drawings as well as other final application requirements (environmental, historic preservation, etc.). The projects' architects and engineers recently finalized the detailed construction drawings and they were promptly submitted to the federal VA. Other requirements are also being assembled for the final application package to be submitted for approval of the federal construction grant.

- The construction and equipment costs for the Suffolk cemetery are estimated at \$6.5 million to be funded by a federal construction grant. The project plan envisions the Commonwealth paying for all other project costs from the VDVA departmental budget. The state purchased 73 acres in Suffolk in 2001 with \$569,808 in Virginia general funds. An additional \$53,000 in Virginia general funds will be required to widen the access road. Operating and maintenance cost projections currently range from \$275,000 to \$420,000 annually depending on the burial rate.
- Amelia cemetery has over 1,000 pre-applications for burials on file at this time. Since April 2001, preapplications have been collected for the proposed Suffolk cemetery as well. To date, 10 pre-applications for the proposed Suffolk cemetery have been collected. However, VDVA indicates that persons who have pre-applied for Amelia may change to Suffolk if they wish to do so. It is unknown how many of the Amelia pre-applications are from residents of the Hampton Roads area.

3.1.E. Veterans Preference in State Employment & VEC Veteran Services

- Virginia has a long history of providing veterans preference in state employment (*Code of Virginia* reference: § 2.2-2903). In accordance with federal law, state agencies that administer a written test must add points for veterans who pass the examination. Agencies that do not administer written tests consider an applicant's experience gained in the military, provided the veteran meets all knowledge, skill and ability requirements for the available position. Veterans are the only group to receive state employment preference in Virginia.
- Virginia has a broader definition of "veteran" for purposes of state employment preference than the federal government and most other states. "Veteran" for state employment means any person who has received an honorable discharge and has provided more than 180 days of full-time, active duty in the armed forces of the United States or reserve components thereof, or has a service connected disability rating fixed by the United States Veterans Affairs.
- Requests for veteran preference in state employment have been a recurring theme during legislative sessions. Anecdotal information has been provided to legislators resulting in the introduction of additional legislation.

- The Department of Human Resource Management (DHRM) conducted a Veterans Study in 2001 to determine whether or not agencies of the Commonwealth have been able to adequately translate military experience in the hiring process and found the following:
 - State veteran hiring exceeds proportionate veteran availability in the market. As of July 2002, veterans between the ages of 20 and 64 accounted for 10.7% of the state's total classified workforce, whereas veterans of the same age group comprised 6.6% of Virginia's total population. Since disclosure of veteran status is optional and the data was collected after the hire date, it is very likely that the percentage of veterans in the state's workforce is understated. By comparison, veterans accounted for 10% of Virginia's total population in 2001 (USDVA and US Census data).
 - Veterans have received credit for their prior experience, which is reflected in their salaries. Salaries of veterans employed by state agencies exceed the salaries of non-veterans (based on comparisons at the first quartile, median, mean and third quartile). For example, the mean salary for veterans was \$37,599 compared to \$34,126 for non-veterans based on September 1, 2002, data.
 - Skills that veterans acquired in the service are utilized in their state careers. Veterans exceed the percentage of non-veterans in the management/administration, protective service and skilled trades occupations. They are highly represented in the professional occupations and less represented in the para-professional and office support occupations.
- DHRM has several outreach activities targeted for veterans to assist with job opportunities. DHRM established a staff Veteran's Outreach Council that works collaboratively with the VEC and the Transition Assistance Program (TAP) to maximize veteran access to job opportunities. DHRM also developed a web site for veterans linked to other employment sites. Additionally, staff members participate in job fairs targeted for veteran employment and invite veterans groups to participate in other career fairs.
- The Commonwealth of Virginia has increasingly outsourced programs and activities to the private sector because of re-engineering initiatives over the past decade. This represents a major repository of employment opportunities for Virginia's veterans. However, unlike the federal government, Virginia does not provide veterans preference for state contracting opportunities.

- All of the resources of the Virginia Employment Commission (VEC) are available to assist veterans in job referral, counseling, training and placement. Veterans staff are available in most of the 40 VEC field operations offices statewide, to offer preference to veterans in employment services as determined by Congress and required by Title 38 of the United States Code.
- Veterans have access to job referral and placement, referral to training, referral to supportive services, and job search skill-building activities. Veterans also have available to them critical labor market information and job availability projections, along with Unemployment Insurance Services, if veterans qualify for these services.
- The VEC operates the national employment programs of the US Department of Labor (DOL) known as the Local Veterans Employment Representatives (LVERs) and Disabled Veterans' Outreach Program (DVOP). These are federally funded programs under the Veterans' Employment and Training Service, a part of DOL. The VEC is signatory to a grant agreement with this federal veterans' agency.
- The VEC serves the military bases at Norfolk Navy, Fort Eustis and Fort Lee on a full-time basis using out-stationed veterans services staff by cooperative agreement with these bases.
- The VEC typically helps about 15,000 veterans to secure employment through VEC field operations offices each operating year. In all of federal program year 2001, the VEC registered over 54,000 veterans of all periods of military service and provided reportable services to just over 80% of those veterans (43,740 individual veterans).
- The VEC provides the Transition Assistance Program to about 20,000 exiting military personnel each federal fiscal year at nine military bases in Virginia. TAP in Virginia serves the Navy, Air Force, Marines, and Army.
- Through a formal Memorandum of Understanding with the US Department of Veterans Affairs (USDVA) regional headquarters in Roanoke, the VEC serves as a job development and placement service for disabled veterans participating in the Chapter 31 Program of Vocational Rehabilitation and Employment.
- These combined VEC programs bring about \$3.1 million per year into Virginia in federal funding and support 65 VEC professional level staff members.

3.2. Assessment of Current & Future Veteran Needs & Priorities

- It appears that the Commonwealth's current arrangement of veteran programs has derived haphazardly over time. No evidence has been presented to the Commission to demonstrate the consistent use of a rational methodology to determine veteran needs, confirm the availability of the resources required to meet those needs or establish the prioritization of services.
- A variety of veteran needs have been presented from multiple parties. With a diverse needs base, various advocates have individually made cases for their particular constituents. However, a truly comprehensive and coordinated plan for meeting veteran needs in Virginia, based on broad-based input from all segments of the constituency, is lacking.
- Educational services and job opportunities for veterans need additional investigation, especially since future population trends point to a decreasing percentage of older veterans and an increasing percentage of younger veterans in Virginia.

3.3. Review of Current & Future Funding & Resources

- The Commonwealth's current record budget shortfall places constraints on all levels of government and society. Improvements in the efficiency and effectiveness of veteran services are more imperative than ever to focus scarce resources on priority veteran services.

Total FY 2002 Expenditures for Veteran Services

<u>Agency:</u>	<u>FY 2002 Expenditures</u>
Department of Veterans' Affairs	
Benefits	\$1,976,647
Cemeteries	\$210,299
Admin and Data Processing	\$352,659
Total Dept. of Veterans' Affairs	\$2,539,605
Virginia Veterans Care Center(1)	\$2,735,948
Virginia War Memorial(2)	\$759,014
	<hr/>
	\$6,034,567

(1) All VVCC expenditures supported by non-general funds in FY 2002. Includes 1 month of full operating revenue and expenditures (June 2002) after the VVCC Board of Trustees assumed full responsibility for operations. Original FY 2002 appropriation was for \$189,265 for the VVCC state office expenses only, adjusted administratively to \$346,864 to reflect the needs of the office based on demonstrated expenditure patterns. Also includes \$952,454 in expenditures for plant and improvements for the expansion of the Alzheimer's Unit (Wander Garden project), also based on demonstrated expenditure patterns.

(2) Includes \$567,430 mainly in capital improvements supported by \$392,430 in War Memorial Foundation funds (revenues and reserves).

- The various agencies, programs and boards serving the Commonwealth's veteran community currently pursue multiple fundraising efforts. These efforts do not appear to be very coordinated.
- It is unclear if the Commonwealth is currently utilizing all available resources in providing services to veterans. Other untapped resources, such as local governments and veteran service organizations, appear to be underutilized.
- Other states have developed a wide variety of dedicated funding sources for veteran services as well as other resources for meeting veteran needs. Some examples of funding sources for veteran services used by other states include license plates fees, lottery games, revolving loan funds and income tax form check offs.
- Other states tap into a greater number of federal programs to support veteran services, including programs of the US Department of Housing and Urban Development and the US Department of Labor.
- Much additional work needs to be done to better coordinate and expand the resources dedicated to providing veteran services.

Section 4: Recommendations

Executive Order Number 15 (2002) directs the Commission to recommend the structure, strategies, and systems for the most effective delivery of services to Virginia's veteran community. The Commission developed the following recommendations based on the four public hearings held, data requested by the Commission and the Commission's review of the "best business practices" of other states and national veterans affairs organizations. The Commission recommendations also are framed by the migration of federal responsibilities to the states and by the limited amount of money and other resources available nationwide.

Organizations & Structures

- Restructure the agencies, programs, and boards currently serving the veteran community into a single agency with a single policy board to establish unity of command and mission within the Administration Secretariat. (see Figures 2 through 5 at the end of this section).
- Appoint a Commissioner of Veterans Services at the sub-cabinet level with direct access to the Governor on veteran matters and:
 - Set the Commissioner's term of office at more than four years to stagger with the terms of the Governor and ensure continuity between governorships;
 - Headquarter the Commissioner's office in Richmond with a small staff of up to four people that will support efficient and effective decision-making and assist in diversifying and expanding resources (staff duties and responsibilities are listed in the report); and
 - Provide the Commissioner with direct line authority over all veteran support systems and require him/her to submit an annual report to the Governor and the General Assembly.
- Revamp the current boards associated with benefits services, the care center and cemeteries to mirror and support the reorganization of veterans services.
 - Establish one overarching Veterans Services policy board to address benefits, care centers and cemeteries with very specific responsibilities, including strategic planning.
 - The Commissioner of Veterans Services should be a member of this board, but not the chairman.

- Members should be appointed based on their skills and knowledge related to board activities.
- Preserve the Virginia War Memorial Foundation and associated organizations as they are currently.
- Establish a Joint Leadership Council of Veteran Service Organizations to provide a vehicle for veteran service organizations to meet, discuss and collaborate on ways to provide both direct and indirect support of ongoing veteran programs and to address concerns for the future, and:
 - Develop its own charter and priorities;
 - Develop a shared mission and vision statement with this council and the new Department; and
 - Establish a full-time coordinator position to support the council.

Strategies: Culture Change

- Require the new, unified organization to function with a business-like, entrepreneurial spirit that nurtures effective decision-making and accountability and focuses on the efficient and effective delivery of veteran services to citizens (see Appendix D for Wisconsin's Strategic Plan for veterans services). Included in this recommendation:
 - Perform rigorous cost/benefit/value analysis of projects and service proposals before proceeding. The Commission could not find rigorous due diligence studies associated with past investments in the veterans care center and the Amelia Cemetery. The Commission recognizes that the benefit and value of a given project or service proposal must be weighed against its cost. However, benefit and value can include factors other than monetary measures;
 - Aggressively seek alternative funding sources;
 - Garner existing resources and support for veterans in other federal and state agencies;
 - Develop and maintain new resources to augment the basic annual funding dedicated to veteran services, such as special license plates for veterans, lottery games, revolving loan funds and income tax form check offs;
 - Link veteran services to efforts to retain and attract military retirees as a key asset to Virginia; and

- Liaison with various stakeholders to foster collaboration, build consensus and augment veteran resources.

Systems: Improve Present & Future Veterans Services

Benefits Services

- Take the following steps to improve benefit services:
 - Keep the current veterans service functions in Roanoke.
 - Fill authorized caseworker vacancies;
 - Review geographic distributions of regional offices, keeping in mind population numbers alone do not accurately determine needs;
 - Invest in basic IT upgrades to current computer systems to support expanding access to veterans and increasing the claims processing capacity;
 - Establish a full-time position of Veteran Service Organization (VSO) coordinator;
 - Partner with VSOs for education, outreach, support and sponsorship; and
 - Work with the Joint Leadership Council of Veteran Service Organizations to collaborate on ways to provide both direct and indirect support of ongoing veteran programs and to address concerns for the future.
- Partner with local government to find ways to engage them in providing benefits to veterans.
- It is the sense of the Commission that additional care centers and cemeteries will be needed in the future subject to the cost/benefit/value analysis referenced in the previous section.

Care Centers

- It is the sense of the Commission that care centers are needed, attractive and satisfying to patients.
- The care center in Roanoke needs much more rigorous financial oversight and management, based on recent audits and investigations.

- Convert the Roanoke care center into a state-run operation based on a comprehensive operational audit. This conversion will enhance the quality of care, clarify lines of authority and accountability, and allow for affordable malpractice insurance.
- Address and resolve any outstanding issues with the Roanoke care center as soon as possible.
- Develop concrete business plans for current and future operations at the Roanoke care center and the proposed Richmond care center.
- Adopt best practices found in other states that resulted in financially viable centers.

Cemeteries

- It is the sense of the Commission that there is a need for cemeteries that will likely grow.
- Cemetery operations cannot be made self-sufficient on a meager \$300 federal burial allowance alone.
 - Actual costs at Amelia were approximately \$1,275 per burial in FY 2002, requiring substantial annual taxpayer subsidy from the Department of Veterans' Affairs budget.
- In conjunction with other states and the National Governors Association, advocate and support an increase in the federal VA burial allowance to cover the significant ongoing operation and maintenance costs of veteran cemeteries.
- Consider closing a portion of Amelia Cemetery and only maintain the acreage necessary to satisfy projected needs, opening new areas as necessary. Also investigate phased development for the proposed Suffolk Cemetery.
- Develop concrete business plans for current and future operations at Amelia and Suffolk.
- Leverage VSOs, create foundations and get corporate support for cemetery operations.

- Rename cemeteries from a marketability standpoint based, in part, on input from veterans (e.g., the Virginia National Cemetery at Amelia and the Virginia National Cemetery at Suffolk).

Other Recommendations

- Support the national WWII Memorial by paying Virginia's financial contribution to its development (\$334,000).
- Support the existing Virginia War Memorial Foundation.
- Continue the veterans preference hiring system. Consider expanding preference for veterans to include contracted services.
- Since virtually all veterans services are federally mandated and controlled, develop a coordinated national legislative program for veterans.

Section 5: Appendices

Appendix A: Executive Order Number 15 (2002)

Appendix B: Commission Response Table

Appendix C: Kentucky Report

Appendix D: Wisconsin 2002 Strategic Plan